



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE REGULATION
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
STANLEY "SKIP" PRUSS, DIRECTOR

KEN ROSS
COMMISSIONER

BILL ANALYSIS

BILL NUMBER: House Bill 4616 (as introduced)

TOPIC: Variable annuities added to the Uniform Securities Act of 2008

SPONSOR: Representative Andy Neumann

CO-SPONSORS: Lesia Liss, Bob Constan, Dan Scripps, Jon Switalski, Rashida Tlaib, Sarah Roberts, Dian Slavens, Lisa Brown, Vicki Barnett, and Joan Bauer

COMMITTEE: Senior Health, Security, and Retirement

DATE: June 14, 2010

POSITION

The Office of Financial and Insurance Regulation supports this legislation.

PROBLEM/BACKGROUND

Variable annuities have historically not been classified as Securities offerings. The Uniform Securities Act (USA), 2008 PA 551 does not include a definition of variable annuities.

DESCRIPTION OF BILL

HB 4616 defines variable annuities by adding section 102c(G) in the uniform securities act. A variable annuity contract is defined as an insurance or endowment policy or annuity contract under which an insurance company promises to pay a variable sum of money, based on investment experience, either in a lump sum or periodically for life or some other specified period.

SUMMARY OF ARGUMENTS

Pro

Variable annuities have been deemed to be a securities product by the Securities and Exchange Commission. It is appropriate that variable annuities be included in the Michigan USA.

Con

The definition could be strengthened by adding that the insured makes a lump-sum payment or a series of payments which provide no guarantee of return.

FISCAL/ECONOMIC IMACT

OFIR has identified the following revenue or budgetary implications in the bill as follows:

- (a) To the Office of Insurance and Financial Regulation: None

Budgetary:

Revenue:

Comments:

- (b) To the Department of Energy, Labor & Economic Growth: None

Budgetary:

Revenue:

Comments:

- (c) To the State of Michigan: None

Budgetary:

Revenue:

Comments:

- (d) To Local Governments within this State: None

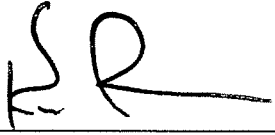
Comments:

OTHER STATE DEPARTMENTS

None

ANY OTHER PERTINENT INFORMATION

N/A

A handwritten signature in black ink, appearing to be 'KR' followed by a horizontal line.

Ken Ross
Commissioner

6/15/10

Date

